

Shrewsbury Public Schools

Updated Chapter 70: State Education Aid Report

9 April 2007

Topics

- Brief overview of Chapter 70 aid
- Purpose of changes enacted in the Joint Resolution of April 4, 2007
- Impact overview for Shrewsbury
- Detailed calculations for revised Chapter 70 aid allocation to Shrewsbury

The A,B,C's of the Formula

■ $A - B = C$

A= Foundation Budget

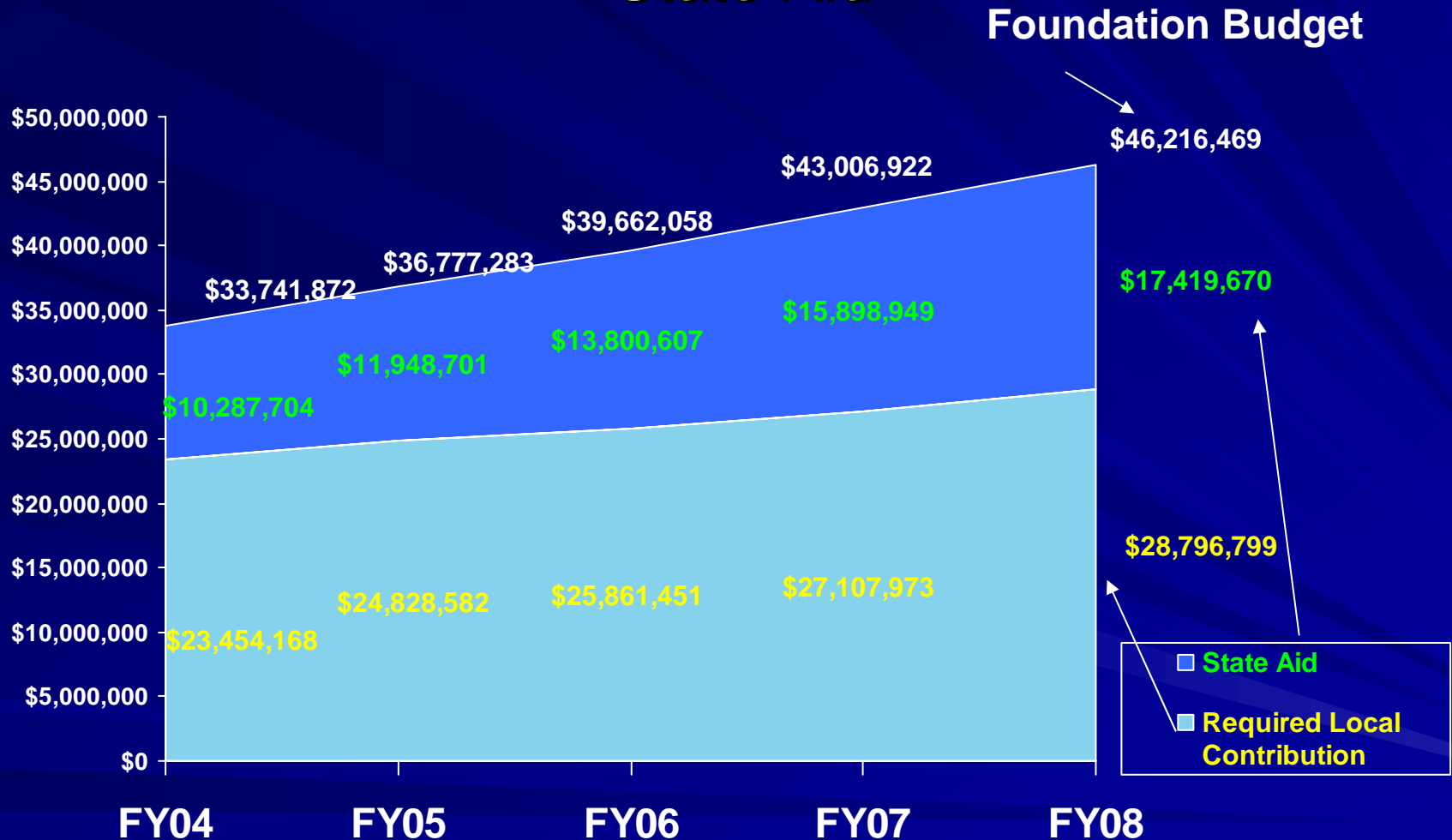
B= Required Local Contribution

C= Chapter 70 State Aid

Thus,

■ Foundation Budget- Required Local Contribution= State Aid

Foundation Budget - Required Local Contribution = State Aid



Chapter 70 Aid History

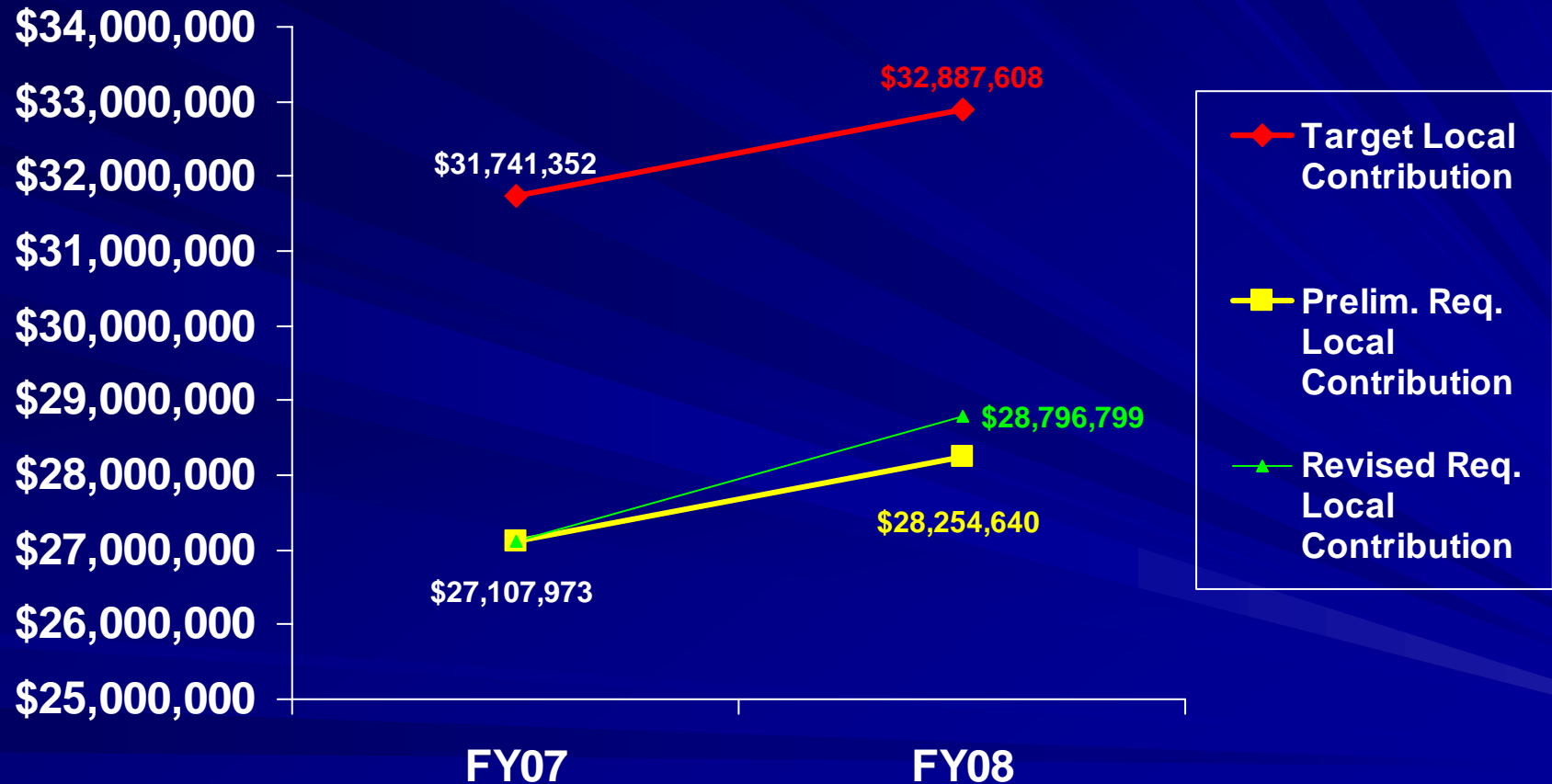
Millions



What We Should Be Contributing

- Aggregate wealth formula implemented in FY07
- Target local share and contribution towards the foundation budget
 - Two factors:
 - Local effort from property wealth aka EQV (50%)
 - Local effort from income (50%)
- 62% of communities are contributing above their target
- 38% of communities are contributing below their target (**Shrewsbury is in this category.**)

Shrewsbury below the Target



Getting Communities to their Target Share

- Five year plan to get all communities to fund at the level of their target local share as a function of their aggregate wealth
- For communities far below their share—and as a result receiving more than their fair share of Ch:70 aid—more funding on the local level is required
- “Added increments” are used to force us to target local share more quickly

Effort Goal

	Governor's Plan	Joint Resolution
2006 equalized valuation	\$5,041,995,700	\$5,041,995,700
Property percentage	.2939%	.2943%
Local effort from property wealth	\$14,817,841	\$14,836,850
2004 income	\$1,146,679,000	\$1,146,679,000
Income percentage	1.5758%	1.5779%
Local effort from income	\$18,069,767	\$18,092,948
Combined effort yield	\$32,887,608	\$32,929,797
Foundation Budget	\$46,195,562	\$46,216,469
Target local share	71.19%	71.25%
Target aid share	28.81%	28.75%

Required Local Contribution

	Preliminary	Revised
FY07 Required local contribution	\$27,107,973	\$27,107,973
Municipal revenue growth factor	4.23%	4.23%
Added increment for being 10 pts below target local share		2.00%
FY08 required contribution	\$28,254,640	\$28,796,799
Contribution as a % of foundation	61.14%	62.31%
Target Local Contribution	71.25%	71.25%
Difference (Required-Target)	-10.11% pts.	8.94% pts.

FY08 and Future

- Chapter 70 aid will likely increase but the rate of increases will likely decline as the state forces us towards our target share
- The 1-2% “added increments” for being so far below our target share will continue
- State is trying to get communities to their target by FY2011 (5 year plan starting in FY07)